



Lloyds Bank Limited

MONTHLY REVIEW

MARCH 1939



Lloyds Bank Limited

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The Empire and the Anglo-American Trade Agreement

By H. V. Hodson

THREE months have elapsed, at the time of writing, since the Anglo-American trade agreement of 1938 was signed at Washington. This is not nearly long enough a period, of course, to test the economic or even the political effect of the agreement; but at least there has been time for second thoughts to supervene in the reactions of public opinion both in the two signatory countries and in the other members of the British Commonwealth, which are intimately concerned. In general, it is clear that second thoughts have confirmed the favourable first impressions in the Dominions and colonies. Even the special interests that are adversely affected have been less vociferous in protest than might have been expected, with the exception, perhaps, of Canadian exporters of lumber.

In Canada alone has the agreement yet entered the arena of party dispute. Canada is in a peculiar position among the Dominions, not only on account of the dominant share of the United States in her external trade, but also because her chief party-political boundary runs between a low-tariff, economically internationalist Liberal Government and a protectionist and imperialist Conservative Opposition. It was inevitable, in these circumstances, that the Anglo-American trade pact and the associated Canadian-American pact should at once become a party issue. The special position of Canada is discussed later in this article.

The probable effect of the Anglo-American agreement on the countries of the Empire must be studied in relation to the whole picture of the United States' import and export trade with them, as shown in the following table :

UNITED STATES TRADE WITH THE BRITISH EMPIRE, 1937

(000,000's omitted)

	Imports	Exports	Balance
	\$	\$	\$
United Kingdom	203	535	+332
Ireland	2	13	+ 11
Total, British Isles	205	548	+343
Canada	399	510	+111
Australia	43	73	+ 30
New Zealand	22	24	+ 2
Union of South Africa	14	88	+ 74
Total, Oversea Dominions	478	695	+217
India	104	44	- 60
Malaya	235	9	-226
Ceylon... ..	21	2	- 19
West Africa	36	10	- 26
West Indies	10	24	+ 14
Other Colonies	30	41	+ 11
Total, India and Colonies	436	130	-306
Total, Empire	1,119	1,373	+254

The broad scheme of things, therefore, is that the United States offsets—and more than offsets—her great excess of imports over exports, in her trade with the dependent empire, by means of a contrary excess of exports over imports in her trade with the United Kingdom. She pays for Malayan rubber and tin by selling motor cars to Englishmen. She also has a credit balance of trade with the Dominions, but this is to some extent counter-balanced, especially for South Africa, by the trade (also going triangular-wise) in newly mined gold, and as regards Canada by a huge debit on tourist traffic. If all invisible items are brought in, the balance of payments of the United States with the whole British Empire in 1937 seemed to be in fairly exact equilibrium. Last year, the balance was disturbed in the direction of setting up an excess credit for the United States.

The background of the Anglo-American trade agreement is incomplete without certain facts of economic history as well

as economic geography. The year 1932 saw a radical change in British trade policy which affected the United States more than most countries. In 1930 (omitting the distorted crisis-year 1931) no less than 70·5 per cent. of United Kingdom imports from the United States entered duty-free. If, however, the post-Ottawa tariff had applied to the same quantum of imports, the duty-free proportion would have been reduced to 20·5 per cent. Leaving aside the 29·5 per cent. already dutiable in 1930, the post-Ottawa tariff would have affected the following percentages of the 1930 imports: 30·0 per cent. would have paid duties up to 10 per cent. *ad valorem*; 13·4 per cent. would have paid between 10 and 20 per cent. *ad valorem*, and 6·6 per cent. higher duties still. In 1932, before the revisions affected by Ottawa, these percentages were respectively 27·5, 12·2 and 1·2. This shows the extra burden of duties laid on United States trade by the Ottawa agreements. The trouble about Ottawa from the American point of view, however, was its confirmation or enlargement, not only of protection, but also of preference in favour of the Empire countries that competed with the United States in United Kingdom markets for some of the most important of her products.

The general effect of the 1931-32 tariff changes on United Kingdom trade is summed up in the following figures:—

UNITED KINGDOM OVERSEAS TRADE, 1929 AND 1938
(000,000's omitted)

				British Countries	Foreign Countries
1929				£	£
Imports	...	...	...	359	862
Total Exports	...	...	...	348	492
Balance	...	...	...	—11	—370
1938				£	£
Imports	...	...	...	372	549
Total Exports	...	...	...	246	286
Balance	...	...	...	—126	—263

The United States shared in this general movement, as the following figures show:—

UNITED KINGDOM TRADE WITH U.S.A., 1929 AND 1938
(000,000's omitted)

				Imports	Exports	Balance
				£	£	£
1929	...	...	...	196	62	—134
1938	...	...	...	118	29	— 89

Yet a detailed examination of the trade returns does not confirm the suggestion that the Ottawa preferences themselves were of chief account in bringing about this change. Apart from a few special products, the major influence in reducing United Kingdom purchases of American goods was British protectionism rather than imperial preference. This fact was important in enabling a commercially valuable agreement to be reached without the scrapping of the whole Ottawa structure.

Nevertheless, those "few special products" on which the margin of preference appeared to be a deciding factor were themselves of considerable importance, and it was over these that the chief difficulties arose in negotiating the pact; for if it were to touch on such items at all—and it would otherwise be of plainly inferior value—it would affect the preferential interests of countries not party to it. Those items were fruits (both fresh, dried and canned), soft-wood, hams, salmon (canned and frozen), and certain manufactures in which Canada was specially interested, often as a home for subsidiaries of American corporations anxious to get the preference. To this list must be added wheat, of which it is hard to say, in view of the fluctuating seasonal factors, whether or not the trade in it was much diminished or diverted by the preferential tariff, but which was certainly among the items on which the United States was anxious to obtain concessions at the expense of Empire preference. It is worth while examining the position with regard to each of these commodities in turn, since they are the key to the whole agreement in the eyes of the British Dominions.

The duty of 2s. per quarter on foreign wheat (against free entry for Empire wheat) has been removed altogether under the agreement. The Ottawa pacts with Canada and Australia, under which it was imposed, stipulated that it was conditional on the ability and willingness of Empire producers to fill United Kingdom demands at world prices. In other words, while it may well have diverted Empire wheat from foreign markets, to replace foreign wheat in the United Kingdom market, it can have done little or nothing to increase the total demand for Empire wheat, as compared with foreign wheat. Its sacrifice, therefore, is unlikely to be heavily felt by Dominion wheat producers, or to benefit American wheat producers very much, though it may reverse that interchange of markets. In 1937, the United Kingdom bought

wheat to a value of £19,198,000 from Canada, £11,510,000 from Australia, £3,194,000 from India, £1,687,000 from the United States, and £14,095,000 from other foreign countries, who of course will benefit equally by the remission of the duty.

The United Kingdom market for hams is completely dominated by Canada and the United States. Out of £3,154,000 of imports in 1937, Canada supplied £1,497,000 and the United States £1,457,000. Canada's position has been largely built up since the Ottawa agreement, which not only guaranteed free entry to Canadian hams but did so on a very high maximum quota. Under the Anglo-American agreement, the 10 per cent. duty on foreign hams (not preserved in airtight containers) is abolished, and the United States is allotted an enlarged import quota, to be reviewed after three years. An equally important concession is the placing of lard on the free list, the previous rate of duty on foreign lard having been 10 per cent. The British market was divided as follows in 1937: Canada, £815,000; Hong Kong, £283,000; Irish Free State, £74,000; other British countries, £22,000; United States, £1,835,000; other foreign countries, £1,619,000.

It is Canada, again, that is principally affected by the lowering of the duties on foreign apples and pears, since the remission (from 4s. 6d. to 3s. per cwt.) applies only to the season for northern hemisphere fruit. Of our total imports of fresh pears in 1937, amounting to £1,445,000, the United States supplied £646,000, and Empire countries (chiefly Australia and South Africa) £607,000. Out of imports of fresh apples amounting to £4,875,000, the United States supplied £1,148,000 and Canada £1,693,000, practically the whole of the remainder being southern hemisphere fruit from Australia and New Zealand.

Of the preserved fruits on which the general duty has been lowered, the only one in which the overseas Empire has any large interest in the United Kingdom market is pineapples canned in syrup. Out of total imports amounting to £1,188,000 in 1937, the Empire supplied £975,000 (practically all of which came from Malaya), and the United States and Hawaii £202,000. The general duty is lowered under the agreement from 6s. 10½d. to 5s. per cwt., against a preferential rate of 3s. 5½d. This concession is a little surprising in view of the badly-needed opportunity which pineapple canning had seemed to offer, in the eyes of some observers, of expanding

and variegating the exports of other tropical colonies, such as Fiji or the West Indies. It is, however, to some extent counter-balanced by a reduction of duty on prepared or preserved pineapples entering the United States.

On dried fruits and on preserved apricots, peaches and pears, the export of which is of considerable importance to Australia and South Africa, no reduction of duty has been accorded, but the margins of preference have been stabilised at 15 per cent. *ad valorem* on the preserved fruit and 10s. 6d. per cwt. on the dried, the Empire product entering free. Thus the Dominions lose no advantage, while the United States is assured that her present very strong position in the market for these foodstuffs will not be jeopardised by an increase of the Empire preference.

On chilled and frozen salmon the general rate of duty has been reduced from 1½d. to ¾d. per lb., and on canned salmon from 30 per cent. to 10 per cent. *ad valorem*. Here it is once more Canada that is principally affected, especially in regard to canned salmon, of which in 1937 the United Kingdom imported from her £785,000 worth, against £1,059,000 from the United States and £2,636,000 from other foreign countries. For chilled and frozen salmon, the 1937 import figures were: Canada, £233,000; Irish Free State, £116,000; Newfoundland, £97,000; United States, £27,000; and other foreign countries, £114,000.

The position in regard to sawn soft and hard woods is not easily summarised, because the various concessions relate to detailed sub-items which are not separately listed in the trade returns. In mahogany, walnut, oak, persimmon, hickory and cornel wood, the United States has already a commanding position in the United Kingdom market. Of the other sawn hardwoods (except teak, which comes almost exclusively from Burma), in 1937 the United Kingdom bought £1,024,000 worth from the United States and the Philippines, just a million pounds' worth from Canada, and £262,000 worth from Australia. Canada's sales of hardwood flooring blocks to the United Kingdom amounted to £172,000, and those of the United States to £141,000, out of a total market of £392,000. More important is the trade in sawn soft wood, amounting to £30,899,000 in 1937, of which £5,630,000 came from Canada, £1,224,000 from the United States, and the remainder almost entirely from the Scandinavian and Baltic countries

and Russia. The concessions affect chiefly the larger-sawn and more expensive timbers, which are those principally supplied by the United States.

Finally we come to the large group of manufactured articles, including varieties of machinery and of domestic and business appliances, on which the general rates of duty have been stabilised or reduced. In certain of these Canada is keenly interested, since her local industries (often controlled by parent corporations in the United States) have profited by the preferential advantage in the British market that they have had over their rivals south of the border. It is generally believed that motor cars, which come into that category, provided one of the knottiest points in the negotiations, partly because Canada was reluctant to cut down the preference, partly because the British Government was anxious to keep its hands free to give still higher protection to the home motor industry, if need be, against a threatened flood of cheap foreign cars. In the event, both these conditions were satisfied, the only concession to the United States being a pledge not to increase the general rate of duty on cars of 25 horse-power or upwards above its present level of $33\frac{1}{2}$ per cent. Of the remaining items of the kind, perhaps the most important, individually, to Canada is cash registers, of which she supplied £254,000 worth in 1937, against £62,000 worth sold by the United States, these two countries together filling practically all the British import market. The general rate of duty on this item is to be reduced from 20 per cent. to 15 per cent. Other manufactures on which the general rate of duty is reduced, and of which Empire countries have hitherto supplied a substantial proportion, include iron and steel bolts, files and rasps, electric cooking and heating appliances, glass-working machinery, laundering machines, calculating machines, machinery belting of rubber and canvas, soap and toilet preparations.

The above details are enough to show the broad effect of the Anglo-American trade agreement on the preferential position of the British Dominions. It will be seen that only Canada among them was seriously affected. The removal of the wheat duty was not regarded in any Dominion as an important handicap, though there was some complaint in eastern Canada that it might lend encouragement to the shipment of wheat via New York instead of Montreal. None

of the three southern hemisphere Dominions made any very big concession. Australia and South Africa referred in their comments to the sacrifice of preference undergone by their fruit-growers, but they did not fail to observe the exchange of notes under which the United States Government undertook to encourage American exporters of fruit to co-operate with the Empire Fruits Council in arranging the orderly supply of fruit to the United Kingdom market. In general, opinion in Australia, New Zealand and South Africa hailed the agreement, not only as a valuable gesture of democratic solidarity and good-will, but also as likely to benefit them by expanding the general flow of international trade, on which they all, in the end, depended. Hope was particularly laid on the lowering of American duties on British woollen goods, for which, it was hoped, a growing market would be found in the United States, thus stimulating the demand for wool, which is a staple export for every one of the southern hemisphere Dominions.

Canada, however, was in a very different position, since she was the principal competitor of the United States in so many of the articles on which the latter had been granted concessions. Many of these concessions contravened the terms of the Anglo-Canadian agreement of 1937 which had replaced the Ottawa trade pact. The United Kingdom Government could not expect to be allowed to make this breach of its bargain with Canada without submitting, in exchange, to reduced advantages for British goods in the Canadian market. Fortunately for the freer flow of international trade, Mr. Mackenzie King is of a mind with Mr. Cordell Hull in believing in lower trade barriers all round, and this sacrifice of advantages therefore took the form, not of higher duties on British goods, but of a reduction of guaranteed preferential margins, designed to facilitate a lowering of the general rate of duty. The amount of trade covered by this agreed curtailment of the United Kingdom's preferential rights in Canada was just about two million pounds, the most important item being tinplate of a class made in Canada, on which the minimum margin of preference was reduced from 20 per cent. to $17\frac{1}{2}$ per cent. *ad valorem*. The United Kingdom Government also agreed both to waive its right to impose a duty on Canadian eggs, milk and dairy products, and to subject these products to no quantitative restriction unless the

rate of importation should lead to instability of the market for them in the United Kingdom.

The Anglo-American trade agreement and the Canadian-American trade agreement, signed on the same day, are to be regarded as parts of a single readjustment of the tariffs of the three countries; for it is obvious that no Canadian Government could have renounced such valuable preferences in the British market, and thus made the first of those two agreements possible, had it not simultaneously brought back substantial advantages for Canadian goods in the United States market, which accounts for two-fifths of all Canada's exports. Under the Canadian-American trade agreement, United States duties were lowered on 129 classes of goods, and altogether 202 items were involved in various concessions. For her part, Canada reduced duties on 283 items of American goods, and entered into other pledges with regard to an additional 144 items. From Canada's point of view, the two agreements taken together are to be regarded as a balanced effort towards freer trade all round, involving (where necessary to that end) an inroad on imperial preferences both in the Canadian and in the United Kingdom markets. They have been assailed by Mr. Bennett and other spokesmen of the Conservative party in Canada on the dual ground that they pare away the protection to Canadian industry and weaken the imperial economic ties constructed at Ottawa. The rights and wrongs of this controversy do not depend so much on the particular merits of the two agreements signed at Washington last November, as on the general issue between liberalism and protectionism in international trade. Along this line of cleavage, and along the lines of the different special interests affected either favourably or adversely, Canadian opinion about the agreements has divided; but there is no evidence that as far as his lower-tariff policy is concerned Mr. Mackenzie King has lost the confidence of the majority of Canadian people, which he has had since 1935.

Two other parts of the British Empire which were specially concerned in the Anglo-American agreement came under the authority of the United Kingdom Government and could therefore have their interests attended to in the agreement itself. They were Newfoundland and the colonial empire. Newfoundland's preferential position in the export of salmon to the United Kingdom market was affected by the halving

of the general rate of duty. She was also interested in one or two other United Kingdom concessions. In addition, on her behalf the United Kingdom Government entered into pledges regarding the Newfoundland tariff. Some duties (including those on dried fruits, lard, clothing and boots and shoes) were lowered; undertakings were given not to raise others, or not to enlarge the margin of imperial preference. Flour, cotton yarn, certain fruits and machinery would continue to enter duty-free from all countries. These pledges are in keeping with the policy of the Commission of Government in Newfoundland, the policy of making the tariff as low as possible on articles of staple consumption and on materials for the Island's industries. In return, the United States Government has lowered the duties on articles forming a large part of Newfoundland's present exports to the States, including fish of various kinds and berries. The United States is a natural market for the products of Newfoundland and the neighbouring fisheries, and it is to be hoped that the agreement will help increase the export trade of this sorely-tried community.

As the figures in the early part of this article have shown, the colonial empire occupies a key point in the polygon of trade in which the United States and the British Commonwealth are concerned. It is chiefly through American purchases of colonial products that the direct balance of trade between Great Britain and the United States is redressed. The concessions granted on these products, and the counter-concessions which the United Kingdom Government has granted on behalf of the various dependencies, form one of the most important sections of the agreement. On the United States side, the concessions could rarely take the form of lower duties, since most colonial products already entered duty-free. But this free entry has now been conventionally guaranteed on the most important colonial goods, including asbestos, rubber, asphalt, tea, cocoa and bar tin. The duty on rum has been conventionalised at \$2.50 per proof gallon. There are, moreover, substantial reductions of duty on certain minor colonial exports (including mangrove extracts, graphite, pineapples, coconuts and molasses), representing about £290,000 of export trade in 1936. On the colonies' side, the most important new concessions include the abolition of preference on manufactured tobacco virtually throughout the West Indies, and a

lowering of the preferential margin on motor cars in some dependencies. The pledges on behalf of the colonial empire generally take the form of guarantees with regard to the maximum margin of preference rather than the height of the duties, since most colonial Administrations rely largely on customs duties for revenue and must therefore keep their hands free to adjust the level of duties according to the yield required. It may be noted that, apart from actual reductions in preferential margins, pledges to maintain existing equality of treatment between United States goods and British goods cover over £1½ million of United States exports in 1936.

Although, therefore, the agreement does not go very far towards re-establishing the principle of the Open Door in the colonial empire—as some enthusiasts professed to hope it would—it does move a few paces in that direction. It serves, indeed, the ideal of multilateral trade, whereas the half-closing of the Open Door could be justified only by an appeal to notions of bilateralism. This is true of the whole agreement, which therefore represents, not only a material, but also an ideological inroad on the Ottawa system. This is entirely in accordance with the general movement of thought since 1932 in the countries of the British Commonwealth. At the recent British Commonwealth Relations Conference at Sydney, stress was laid on the “defensive and emergency character” of the Ottawa agreements, and a good many general criticisms were directed against them as a permanent system, particularly on account of the handicaps they laid upon the cause of better trade relations with foreign countries. An Australian delegate suggested that the trouble was due to excessive margins of preference, and that the Dominions would have to be content with very moderate preferences, or the whole system would break down.*

To some extent a moderation of preferences has emerged from the Anglo-American trade agreement, particularly in regard to the preferences enjoyed by Canada, whose Government, like those of the United States and this country, has shown in this connection a breadth of vision that is most welcome to all believers in freer world trade. The Anglo-American trade agreement is a practical challenge to the

* “The British Commonwealth and the Future” (Proceedings of the second unofficial B.C.R. Conference). Oxford U.P. Pages 171–177 and 254–257.

theories of canalised and regimented trade, which have come to dominate great nations and whole zones of international commerce, and which have penetrated—it is well to remember—within the British Commonwealth itself. One Dominion, New Zealand, impelled by the combination of its Government's socialist philosophy and the strain imposed on its trade balance by over-importing in past years, has already adopted the notion of organised bilateral trade, and has sought (hitherto in vain) to incorporate this notion in a new trade pact with the United Kingdom to supplant the Ottawa agreement. The Anglo-American agreement, with its most-favoured-nation clauses and its inroad on preferences, is a product of the opposite system of ideas, a system still generally upheld in a Commonwealth of nations which are dependent without exception for prosperity on international markets, as well as on those within the imperial pale.

H. V. HODSON.

February 20th, 1939.

Economic Conditions at Home and Overseas

While it would be an exaggeration to say that there has yet been a definite recovery, there is no doubt that business has improved in several respects since the New Year. The greater degree of assurance felt at the moment over the international outlook, and also the indications that no serious increase in taxation will emerge from next April's Budget, have imparted a better tone to the industrial life of the country as well as to the stock markets. Last January, before these indications became apparent, the *Economist's* index number of business activity recorded an increase from 100.5 to 104 (1935 = 100), and while this figure may have overemphasised the actual improvement in that month, there is evidence that the upward trend of business has continued during February. It is also clear that defence expenditure is spread over a wider field than might be supposed, for it is helping some of the textile trades as well as iron and steel, engineering, and aircraft manufacture.

Too much stress need not be laid on the January unemployment total of just over 2,000,000. The actual decline in employment (excluding agriculture) was from 11,452,000 in December to 11,284,000 in January. This last figure compares with one of 11,319,000 for January, 1938, so that the intervening decrease was negligible; also the February, 1939, return on the same basis was 11,419,000, or an improvement nearly to the December level. Consumption is well maintained. The January retail trade returns recorded an increase of 0.1 per cent. in value over those of January, 1938, and as retail prices have since fallen slightly, this points to a rather greater increase in volume.

Reports from the coal trade are more encouraging. The Scottish collieries are well supplied with orders, and Newcastle states that there is now little idle time in Northumberland or Durham. South Wales, however, remains depressed. In the iron and steel trades, the New Year reductions in prices were followed by a revival in demand. Pig-iron production rose from 446,000 tons in December to 500,000 in January, and steel production from 656,000 to 812,000 tons. Even these later figures, however, are considerably lower than those of a year ago. Nevertheless, there is a better tone in the industry. Scotland reports an improvement, which is not

wholly due to rearmament orders, and Birmingham says that there is a fair degree of activity. Reports from the engineering trades are, on the whole, encouraging. Bristol engineers are very busy, and those in the Birmingham area are fairly well occupied. Manchester makers of machine-tools and electrical apparatus are working at capacity, but there has been some falling-off there in general engineering. The Birmingham motor trade is more active, but the motor cycle and cycle trades are quiet. Clyde shipyards are still depressed, but one or two new orders have recently been received. Firms engaged on Admiralty work are busy, but are not yet working at capacity. The deterioration in the building trades continues, for plans passed during January were 29·4 per cent. lower in the aggregate than those of the previous year. The decline was most marked in dwelling-houses, and there was some increase in the category of factories and workshops.

There has also been some improvement in the consumers' goods industries. Manchester says that there has been a small but definite recovery in the cotton trade. Wool is firmer, and Bradford reports a steady flow of business in tops, and also a better demand for yarns. The jute industry is busy on Government orders for sandbags. There is a good demand for linen yarn and cloth, while the rayon industry should be helped by the new price agreement. There is some improvement in the Leicester boot and shoe and hosiery trade, and also in boots and shoes at Bristol. Conditions at Northampton, however, remain unchanged.

Wholesale prices remain steady, with a firmer tendency towards the end of February. The cost-of-living index number remained unchanged during January, whereas the seasonal trend is downwards in the early part of the year. There was a further increase in electric power consumption during January. Railway goods traffic receipts improved steadily during February, but are still below the level of the previous year. There was a fairly active demand for industrial chemicals. Overseas trade for January was slightly better than in December, but shipping movements were not so satisfactory. Freights, though low, displayed a steadier tendency.

The New Year witnessed some recession in American business, but there is reason to regard this as a purely temporary set-back. Building is improving, retail trade

prospects are good, and the outlook for the motor industry is promising. There is also a better demand for railway materials and other capital equipment. In South America, good Argentine wheat, linseed and oats crops are anticipated, but in spite of recent rains maize has suffered from drought. Import trade is naturally being affected by the new measures of control. Brazilian coffee shipments are large in volume, but prices are less satisfactory.

Empire news remains reasonably good. There was some recession in Canadian business at the New Year, possibly in sympathy with the American set-back. According to a cable from the National Bank of Australasia, water shortage has now been relieved by rain in many parts of Australia, and secondary industries and retail trade remain at high levels. There is some decline in motor car sales. Rain has fallen in certain parts of India, and crops generally are in fair condition.

On the Continent, there has been a definite recovery in France since the autumn. This is true of the textile trades, the steel industry, and most noticeably of the motor industry. The immediate financial outlook is regarded as reassuring. Production in Germany is fairly well maintained. Reports from Scandinavia remain satisfactory.

Taking a general view, a better atmosphere has developed since the New Year, and business is beginning to respond. How long this atmosphere will last remains an open question, and there was a fresh though not very marked feeling of nervousness in Paris during the last week of February. Again the decision of the British Government to increase defence borrowing raises a whole host of questions, even though the prospect that there may be no increase in taxation is at present proving a helpful factor. Another point which cannot be ignored in the long run is that in 1938, as in 1937, our adverse balance of payments was in excess of £50 millions. Such a deficit cannot be supported indefinitely. Nevertheless the fact remains that the immediate outlook now seems better than it has for a considerable time. The recession of 1937-38 has definitely been checked, even though it is still impossible to view the future with complete assurance or to say that the world is at the beginning of a period of genuine recovery.

Notes of the Month

The Money Market.—The dominant influence upon the market during February was the continued contraction in the supply of Treasury bills, due to the heavy influx of revenue. Whereas at the New Year, the total volume of Treasury bills issued by tender stood at £488 millions, by the end of February it had shrunk to £346 millions. As many of these bills are held outside the market, the quantity left to the market itself was very meagre. Evidence of this is found in the fact that allotments at the minimum price (which is the price at which the market tenders) amounted, during the first three weeks of February, to only between 13 and 25 per cent. of applications at that price; while total allotments to all applicants were only £20 millions a week, compared with maturities of £35 millions. One consequence of this shortage was that the minimum price paid at the tender rose to £99 17s. 6d. per cent., equal almost exactly to a rate of $\frac{1}{2}$ per cent. As this is the rate both for loans against bills and also for sales of bills to the banks, it followed that the market was left with no profit margin either on running their bills or on re-sales to the banks. Business in bills also became very restricted. The banks were ready to buy, but the market had no bills to sell, except at the cost of finding idle money on its hands. Fortunately, the end of February brought a prospect of relief to the market, for the continued issue of funds from the Exchequer, for the purpose of financing rearmament expenditure under the Defence Loan Act, means that the seasonal reduction in the floating debt is being checked. On February 24th the quantity of Treasury bills allotted rose from £20 to £30 millions, and the following week allotments were £40 millions, which was in excess of maturities for the first time since the middle of November. Outside money was in fair demand throughout the month, and occasionally commanded rates up to $\frac{7}{8}$ per cent. against bonds.

The Currency and Bank Notes Bill (1939) received the Royal Assent on February 28th, and came into force the following day. The Bank return of March 1st, therefore, gave effect to the new Act. It showed a contraction from £400 to £300 millions in the fiduciary issue, the latter figure being the normal level laid down in the new Act. The Bank's gold was written up from its former statutory price

(equal to 84s. 11½d. per ounce fine) to the price current on March 1st. This latter was shown in the Bank return as 148s. 5d. per ounce fine. This writing-up raised the Bank's gold from £126·4 to £220·9 millions, while on March 1st the Bank also bought £5·5 millions of gold, presumably from the Exchange Equalisation Account. This raised the Bank's gold holding on March 1st to £226·4 millions, representing an increase of £100 millions, which exactly balanced the reduction in the fiduciary issue. The total note issue, therefore, remained unchanged at £526·4 millions, and indeed the object of the Bank's gold purchase was to prevent a contraction in the note issue. Henceforward the issue department's gold and securities will be revalued every week, any resulting profit or loss being taken over or made good by the Exchange Equalisation Account.

The Foreign Exchanges.—The New York rate has remained very steady during February, with practically no pressure upon sterling. Even the announcement of the extension of the Government's powers for defence borrowing only caused a momentary set-back in the rate, which actually rose during the month from \$4.67½ to \$4.69½. The premium on three months' dollars has also narrowed from 1½ to 1¼ cents. To a limited extent the strength of sterling may be due to the action taken by the Dutch and Belgian authorities to support their respective currencies, for there is some evidence that they were selling dollars against pounds, which were re-sold in turn against guilders and belgas. The Paris rate has been steady at about Frs.177, and three months' francs improved to Fr.½ discount at the end of the month. One feeling in Paris is that no fresh outflow of capital need be expected, especially as the British and American Governments are now having to borrow heavily, and so are on the same footing as the French Government. There is, so this argument runs, no important country with a balanced budget, which can provide a refuge for capital. The main movements during the month were in the belga and guilder. The belga has been affected by the political difficulties and changes in Belgium, and ultimately the Belgian authorities allowed the Brussels-New York cross-rate to rise to the gold export point of bel. 5·94½ to the dollar. The rate for sterling also rose from bel. 27·68½ to bel. 27·86½, while the three months' rate moved from 2 cents premium to 52½ cents discount. The pressure on

the guilder, noted in the previous issue of the REVIEW, also continued during February, with the result that the spot rate has risen from Fl.8·69½ to Fl.8·82. The immediate cause of this weakness is an outflow of capital from Holland, due to political fears. The Dutch authorities have ample gold reserves in hand, and some of them have been recently transferred to New York, where they are in readiness to strengthen the guilder in case of need. Up to the September crisis the London rate was held by the Dutch authorities at about Fl.8·95, and it is possible that its subsequent appreciation to Fl.8·53 at the New Year was the cause of some embarrassment to the export trade of the Dutch East Indies. If so, the more recent depreciation of the guilder may not be entirely unwelcome in Holland.

The Stock Exchange.—Various influences combined to bring about a general recovery during February. First, Herr Hitler's Reichstag speech on January 30th served to allay the previous apprehension over the political outlook, and since then the international situation has so far been regarded as more assured. It is conceivable that the January weakness of markets went too far, and to that extent the subsequent recovery was no more than a natural rebound. Another influence was the announcement of the Government's proposals for the future financing of defence expenditure. Although the Chancellor of the Exchequer has been careful to point out that he was not anticipating the Budget and was only summarising information which could be found in the estimates published at the beginning of March, his statement that the amount of defence expenditure to fall on the Budget would be less in 1939-40 than in 1938-39 was regarded as an indication that next April's Budget will not contain any serious increase in taxation. This deduction gave a further impetus to the February recovery.

In spite of the prospect of much heavier defence borrowing next year, there was a moderate improvement in British Government securities during the month: 2½ per cent. Consols rose from 70¾ to 70½, and 3½ per cent. War Loan from 97¾ to 98¼. One view taken by the market is that part of the new defence borrowing can be effected by an increase in the Treasury bill issue, which is now unusually low, and that no specific Defence Loan need be expected for some time to come. Two new Corporation loans have been

successfully issued, these being the Essex County Loan of £1,000,000, and the Barking Corporation Loan of £500,000. In each case the rate of interest is $3\frac{1}{2}$ per cent. and the issue price 97. These are the first Corporation Loans to appear since August, 1938. Home rails and industrials have improved under the favourable influences noted above, and by the end of February had recovered practically to the peak levels recorded immediately after the Munich Agreement. There were similar improvements in oil, rubber and base-metal shares, but gold-mining shares moved more irregularly, with very little net improvement during February itself.

Overseas Trade.—In contradistinction to a year ago, when there was a noticeable shrinkage in both imports and exports, overseas trade in January showed in most respects a slight improvement compared with December. The trade returns in fact give the same appearance of stability as is found in many other current indications of the general course of trade.

	Dec., 1937	Jan., 1938	Dec., 1938	Jan., 1939
	£ millions			
Imports	94.3	84.9	74.1	75.6
British Exports ...	43.9	41.2	39.1	39.5
Re-exports	5.0	4.8	4.8	4.6
Total Exports ...	48.9	46.0	43.9	44.1
Import Surplus ...	45.4	38.9	30.2	31.5

The returns for January, 1938 and 1939, are summarised in the following table:—

Description	Jan., 1938	Jan., 1939	Increase (+) or Decrease (-)
	£ mn.	£ mn.	£ mn.
Total Imports	84.9	75.6	-9.3
Retained Imports	80.1	71.0	-9.1
Raw Material Imports ...	25.7	21.5	-4.2
Manufactured Goods Imports ...	22.5	18.4	-4.1
Total Exports, British Goods ...	41.2	39.5	-1.7
Coal Exports	3.0	2.9	-0.1
Iron and Steel Exports	4.1	2.6	-1.5
Cotton Exports	4.9	4.1	-0.8
British Manufactured Goods Exports	32.6	30.4	-2.2
Re-exports	4.8	4.6	-0.2
Total Exports	46.0	44.1	-1.9
Visible Trade Balance	-38.9	-31.5	+7.4

Imports have shrunk in value by 10·9 per cent., but the decrease in British exports is only 4·1 per cent. In consequence the adverse visible trade balance is £7·4 millions better than it was in January last year.

The Board of Trade have issued the official estimate of the United Kingdom's balance of payments for 1938. A comparison with the two previous years is shown in the following table :—

	1936	1937	1938
	£ millions		
Excess of imports of merchandise and silver	345	442	377
Excess of Government payments overseas ...	3	4	13
Total	348	446	390
Net national shipping income*	85	130	100
Net income from overseas investments	200	210	200
Net receipt from commissions, etc.	35	40	35
Net receipts from other sources	10	10	—
Final Balance	—18	—56	—55

* Including disbursements by foreign ships in British ports.

As anticipated in the December issue of the REVIEW, there has been practically no improvement since 1937. The deficit for that year is now estimated at £56 millions, while the 1938 deficit was £55 millions. There has been a considerable reduction—of £65 millions—in the adverse visible trade balance, but this is partly accidental. In 1937 there was a net import of £10·5 millions of silver, while in 1938 there was a net export of £11 millions. Thus silver accounts for £21·5 millions of the decrease of £65 millions. As regards invisible items, there was an increase of £9 millions in net Government payments overseas. This mainly represents additional expenditure in Palestine and Egypt, and also last autumn's grant to Czechoslovakia. Part of this may be non-recurrent, and so can be regarded as an offset to the distortion caused by the silver movements of the past two years. The decline of £40 millions in the net income from British shipping and overseas investments is not surprising, in view of the year's decline in freights and recession in world trade.

Commodity Prices.—Wholesale prices, both in England and the United States, remained very steady during February, but a firmer tendency developed towards the end of the month.

In Great Britain, the *Financial Times* weekly index number fell from 116.5 to 116.1 (September, 1931 = 100) during the first three weeks of February, but has since recovered to 116.4. It is still more than a point lower than it was at the New Year. In the United States, the Irving Fisher index number fell during early February from 115.7 to 115.3, but has since recovered to 116.4, or to the level at which it stood at the end of December. In England, grain prices have been dull, with occasional signs of weakness. Raw cotton was slightly lower, owing to uncertainties over American policy regarding next season's crop, but this weakness was most noticeable in quotations for the more distant months. Wool was firm, and there was a marked rise in the price of jute, due to large Government orders for sandbags and also to a possible shortage of jute by the end of the current season. Non-ferrous metals were dull. American users of copper have been holding back in the hope of price reductions, while the London market in lead and spelter was affected by the disappointing January returns of building plans. Still, the undertone seems stronger than the recent course of prices suggests. Rubber became firmer on the decision to leave the quota unchanged.

The official British cost-of-living index number remained unchanged during January at 155 (July, 1914 = 100). Normally, there is a seasonal reduction, and by the end of the month it was only two points lower than it was twelve months before; whereas on January 1st it was four points lower. The retail food price index also remained unchanged at 138 (July, 1914 = 100). Once more the normal seasonal reduction failed to take place. The result is that whereas at the beginning of January it was seven points lower than in 1938, by the end of the month it was only four points lower.

Home Statistics

BANK OF ENGLAND

Issue Department

	Note Circulation	Govt. Debt	Other Govt. Securities	Other Securities	Silver Coin	Fiduciary Issue	Gold
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
End March, 1931	357.1	11.0	232.0	12.9	4.0	260.0	144.5
" " 1932	360.5	11.0	240.9	19.3	3.8	275.0	120.8
" " 1934	378.8	11.0	245.4	0.1	3.5	260.0	191.1
" " 1936	406.5	11.0	246.5	1.5	1.0	260.0	200.6
" " 1937	473.8	11.0	187.0	2.0	—	200.0	313.7
" " 1938	485.4	11.0	188.2	0.8	—	200.0	326.4
Feb. 22, 1939	472.7	11.0	388.4	—	0.5	400.0	126.4
March 1, 1939	478.4	11.0	288.4	—	0.6	300.0	226.4

Banking Department

	Public Deposits	Bankers' Deposits	Other Deposits	Govt. Secur- ities	Discounts and Advances	Other Secur- ities	Reserve	Proport- ion
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
End March, 1931	17.2	58.8	34.7	30.3	24.6	25.7	48.3	43.6
" " 1932	27.2	54.6	34.4	35.7	11.7	51.1	35.9	30.9
" " 1934	17.5	94.5	36.9	77.1	5.6	11.0	73.4	49.2
" " 1936	18.0	83.6	37.0	80.3	5.0	16.7	54.9	39.6
" " 1937	52.2	62.3	38.5	100.5	7.1	22.9	40.8	27.7
" " 1938	17.8	108.1	37.4	110.8	8.7	20.2	41.8	25.6
Feb. 22, 1939	16.3	103.1	35.1	78.9	17.5	21.6	54.7	35.3
March 1, 1939	11.6	110.4	36.5	99.0	6.3	22.4	49.0	30.8

LONDON CLEARING BANKS (monthly averages)

	Deposits	Accept- ances, Guaran- tees, etc.	Cash	Balances and Cheques	Call and Short Money	Bills	Invest- ments	Advances
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
March, 1931	1,763.9	121.5	184.0	43.5	114.1	240.4	311.1	936.1
" 1932	1,676.4	98.7	174.0	43.4	112.5	216.8	281.9	902.1
" 1934	1,830.6	112.8	218.9	43.5	120.4	202.1	547.1	753.0
" 1936*	2,108.3	105.2	216.7	53.8	162.4	252.0	635.1	849.2
" 1937*	2,244.2	122.5	225.8	62.7	169.8	247.8	667.4	934.4
" 1938*	2,253.7	112.0	244.2	59.1	150.4	238.6	634.0	995.2
Dec. 1938*	2,253.9	128.7	243.4	65.9	159.5	250.3	635.0	966.3
Jan. 1939*	2,230.0	126.0	248.3	57.9	143.0	255.6	623.9	967.6

* Includes the District Bank.

LONDON BANKERS' CLEARING HOUSE RETURNS

	Town Clearing	Metropolitan Clearing	Country Clearing	Total
	£ mn.	£ mn.	£ mn.	£ mn.
1930	38,782	1,812	2,964	43,558
1931	31,816	1,668	2,752	36,236
1932	27,834	1,610	2,668	32,112
1933	27,715	1,657	2,766	32,138
1934	30,740	1,760	2,984	35,484
1935	32,444	1,887	3,229	37,560
1936	35,039	2,040	3,538	40,617
1937	36,719	2,162	3,805	42,686
1938	33,862	2,075	3,673	39,610
1938 to Mar. 2	5,989	384	662	7,035
1939 to Mar. 1	5,391	356	632	6,379
1938 Feb. (4 weeks)	2,593	167	295	3,055
1939 Feb. (4 weeks)	2,445	164	288	2,897

BANKERS' PROVINCIAL CLEARING RETURNS

	Mar., 1929	Mar., 1932	Mar., 1934	Mar., 1935	Mar., 1936	Mar., 1937	Mar., 1938	Dec., 1938	Jan., 1939
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Birmingham .	11.9	9.0	11.3	9.6	10.7	11.3	10.6	11.1	11.6
Bradford ...	5.9	3.4	4.2	3.8	4.7	4.6	3.6	3.6	4.0
Bristol ...	5.3	4.9	5.4	4.9	5.5	5.5	5.9	5.1	5.9
Hull ...	4.0	3.0	3.2	3.2	3.4	4.0	4.0	3.4	3.9
Leeds ...	4.4	3.8	4.4	4.3	3.9	4.8	4.3	4.3	5.7
Leicester ...	3.6	3.1	3.3	2.8	3.1	3.3	3.3	3.1	3.4
Liverpool ...	34.2	25.6	26.8	25.8	27.5	35.8	24.8	21.5	23.4
Manchester...	58.0	42.5	46.1	42.8	44.9	50.7	44.0	39.7	43.6
Newcastle-on-Tyne ...	6.5	5.7	6.9	5.5	5.7	6.3	6.9	6.6	6.8
Nottingham	2.8	1.9	2.0	2.0	2.1	2.3	2.3	2.1	2.4
Sheffield ...	4.6	3.3	3.6	3.4	4.3	6.0	4.8	4.8	4.9
	141.2	106.2	117.2	108.1	115.8	134.6	114.5	105.3	115.6

LONDON AND NEW YORK MONEY RATES

	LONDON					NEW YORK		
	Bank Rate	Treasury Bills		3 Months' Bank Bills	Short Loans	F.R.B. Re-discount Rate	Call Money	Acceptances
		Tender Rate	Market Rate					
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End March, 1931	3	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2-2 $\frac{1}{2}$	2	1 $\frac{1}{2}$	1 $\frac{1}{2}$
" " 1932	3 $\frac{1}{2}$	2 $\frac{1}{2}$	1 $\frac{1}{2}$	2 $\frac{1}{2}$	2-3	3	2 $\frac{1}{2}$	2 $\frac{1}{2}$
" " 1934	2	2 $\frac{1}{2}$	1 $\frac{1}{2}$	2 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1	1
" " 1936	2	2 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1	1
" " 1937	2	2 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1	1
" " 1938	2	2 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1	1	1
Feb. 1st, 1939	2	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1-1 $\frac{1}{2}$	1	1	1
Mar. 1st, 1939	2	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1-1 $\frac{1}{2}$	1	1	1

FOREIGN EXCHANGES

London on	1937	1938	1939			
	Mar. 3	Mar. 2	Feb. 8	Feb. 15	Feb. 22	Mar. 1
New York—						
(a) Spot	4-88 $\frac{1}{2}$	5-01 $\frac{1}{2}$	4-68 $\frac{1}{2}$	4-68 $\frac{1}{2}$	4-68 $\frac{1}{2}$	4-68 $\frac{1}{2}$
(b) 3 months	$\frac{1}{2}$ c. pm.	$\frac{1}{2}$ c. pm.	1 $\frac{1}{2}$ c. pm.	1 $\frac{1}{2}$ c. pm.	1 $\frac{1}{2}$ c. pm.	1 $\frac{1}{2}$ c. pm.
Montreal	4-89	5-01 $\frac{1}{2}$	4-70 $\frac{1}{2}$	4-70 $\frac{1}{2}$	4-71	4-70 $\frac{1}{2}$
Paris—						
(a) Spot	105 $\frac{1}{2}$	153 $\frac{1}{2}$	176 $\frac{1}{2}$	176 $\frac{1}{2}$	176 $\frac{1}{2}$	176 $\frac{1}{2}$
(b) 3 months	Fr.2 $\frac{1}{2}$ dis.	Fr.4 $\frac{1}{2}$ dis.	Fr. $\frac{1}{2}$ dis.	Fr. $\frac{1}{2}$ dis.	Fr. $\frac{1}{2}$ dis.	Fr. $\frac{1}{2}$ dis.
Berlin—						
(a) Official	12-15 $\frac{1}{2}$	12-40	11-67 $\frac{1}{2}$	11-68	11-68 $\frac{1}{2}$	11-68
(b) Registered Marks ...	51 $\frac{1}{2}$ % dis.	49 $\frac{1}{2}$ % dis.	63 $\frac{1}{2}$ % dis.	63% dis.	61% dis.	59% dis.
Amsterdam	8-92 $\frac{1}{2}$	8-96 $\frac{1}{2}$	8-69 $\frac{1}{2}$	8-72 $\frac{1}{2}$	8-77 $\frac{1}{2}$	8-83 $\frac{1}{2}$
Brussels	29-02	29-56	27-71 $\frac{1}{2}$	27-78 $\frac{1}{2}$	27-86	27-86
Milan	92 $\frac{1}{2}$	95 $\frac{1}{2}$	89 $\frac{1}{2}$	89 $\frac{1}{2}$	89 $\frac{1}{2}$	89 $\frac{1}{2}$
Zurich	21-42 $\frac{1}{2}$	21-60 $\frac{1}{2}$	20-69 $\frac{1}{2}$	20-63	20-60 $\frac{1}{2}$	20-63
Stockholm	19-39 $\frac{1}{2}$	19-40 $\frac{1}{2}$	19-41	19-40 $\frac{1}{2}$	19-42	19-42
Madrid	73*	110*	200*	200*	200*	200*
Prague	140 $\frac{1}{2}$	142 $\frac{1}{2}$	137	137	136 $\frac{1}{2}$	137
Buenos Aires—						
(a) Export	15	15	15	15	15	15
(b) Import	16-00	16-00	17 $\frac{1}{2}$	17 $\frac{1}{2}$	17 $\frac{1}{2}$	17 $\frac{1}{2}$
(c) Free	16-28	19-11	20-42	20-40	20-41	20-36
Rio de Janeiro—						
Prov. Deposit Rate ...	80s000	88s300	86s000	86s100	86s100	86s100
Valparaiso	131 $\frac{1}{2}$ *	125-41*	116*	116*	116*	116*
Bombay	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	17 $\frac{1}{2}$ d.	17 $\frac{1}{2}$ d.	17 $\frac{1}{2}$ d.	17 $\frac{1}{2}$ d.
Hong Kong	14 $\frac{1}{2}$ d.	15d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.
Kobe	1/2	1/2	1/2	1/2	1/2	1/2
Shanghai	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	8 $\frac{1}{2}$ d.	8 $\frac{1}{2}$ d.	8 $\frac{1}{2}$ d.	8 $\frac{1}{2}$ d.
Gold price	142s. 2 $\frac{1}{2}$ d.	139s. 10d.	148s. 4d.	148s. 4d.	148s. 4d.	148s. 5d.
Silver price	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.

* Nominal.

† Plus $\frac{1}{2}$ per cent. commission charged by the Central Bank, making the effective rate 17-13.

PUBLIC REVENUE AND EXPENDITURE

	1934-5	1935-6	1936-7	1937-8	1937-8 to Feb. 26	1938-9 to Feb. 25
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
REVENUE—						
Income Tax	228.9	238.1	257.2	298.0	248.1	274.6
Sur-Tax	51.2	51.0	53.6	57.1	41.0	45.4
Estate Duties... ..	81.3	87.9	88.0	89.0	80.7	68.6
Stamps	24.1	25.8	29.1	24.2	19.4	18.8
National Defence Contribution	—	—	—	1.4	0.5	18.2
Customs	185.1	196.6	211.3	221.6	200.2	203.1
Excise	104.6	106.7	109.5	113.7	105.6	105.8
Motor Vehicle Duties (Exchequer Share) ...	5.1	5.0	32.7*	34.6*	34.1*	34.8*
Other Tax Revenue... ..	3.1	2.1	1.7	1.7	1.5	1.4
Total Tax Revenue	683.4	713.2	783.1	841.3	731.1	770.7
Post Office (Net Receipts) ...	12.2	11.7	11.0	10.5	13.2	11.9
Crown Lands... ..	1.3	1.4	1.4	1.3	1.3	1.2
Receipts from Sundry Loans	4.4	4.9	4.5	5.2	5.2	5.6
Miscellaneous Receipts ...	15.1	21.7	24.6	13.5	11.8	10.8
Total Non-Tax Revenue	33.0	39.7	41.6	31.3	31.5	29.5
Total Ordinary Revenue	716.4	752.9	824.7	872.6	762.6	800.2
Post Office	61.8	66.1	71.9	76.1	67.4	70.1
Road Fund	26.4	25.8	—	—	—	—
Total Self-balancing Revenue... ..	88.2	91.9	71.9	76.1	67.4	70.1
EXPENDITURE—						
National Debt Interest ...	211.6	211.5	210.9	216.2	204.0	206.3
Payments to N. Ireland ...	6.8	7.2	8.0	8.9	6.8	7.6
Other Cons. Fund Services...	3.6	5.7	3.2	3.1	2.9	4.7
Post Office Fund	2.3	1.1	0.4	—	—	—
Supply Services	472.2	512.0	594.7*	605.0*	560.6	628.5
Total Ordinary Expenditure	696.5	737.5	817.2	833.2	774.3	847.1
Sinking Fund	12.3	12.5	13.1	10.5	7.8	8.2
Self-balancing Expenditure (as per contra)	88.2	91.9	71.9	76.1	67.4	70.1

* Motor Vehicle Duties apportioned to Road Fund, treated as self-balancing in 1936-37 now added to Revenue and Expenditure figures for purposes of comparison.

PRODUCTION

1938-9 to Feb. 25					Coal	Pig-Iron	Steel
					Tons mili. 287·4	Tons thous. 10,260	Tons thous. 7,664
£ mn.	Total 1913	...	...	...
274·6	" 1925	...	...	...	243·2	6,262	7,385
45·4	" 1929	...	...	...	257·9	7,589	9,636
68·6	" 1930	...	...	...	243·9	6,192	7,326
18·8	" 1931	...	...	...	219·5	3,773	5,203
18·2	" 1932	...	...	...	206·7	3,574	5,261
203·1	" 1933	...	...	...	207·1	4,136	7,024
106·8	" 1934	...	...	...	221·0	5,969	8,850
34·8*	" 1935	...	...	...	222·9	6,426	9,842
1·4	" 1936	...	...	...	228·5	7,686	11,705
	" 1937	...	...	...	241·2	8,497	12,964
	" 1938	...	...	...	228·1	6,763	10,394
770·7	January, 1938	...	...	...	20·8	761	1,081
	January, 1939	...	...	...	20·4	500	812

BOARD OF TRADE PRODUCTION INDEX NUMBER *
(1930 = 100)

	Complete Year		1937	1938			
	1936	1937	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.
Mines and Quarries ...	94·4	99·8	103·9	104·0	89·3	86·0	96·3
Iron and Steel ...	150·1	166·6	177·3	168·4	131·6	106·4	119·8
Non-Ferrous Metals ...	143·8	165·3	166·2	153·3	147·4	142·8	141·4
Engineering and Shipbuilding	123·3	136·3	135·3	132·7	128·8	124·6	129·3
Building Materials and Building	157·1	153·2	148·3	146·1	152·5	148·0	136·3
Textiles ...	126·4	129·6	125·8	116·9	106·4	106·5	114·0
Chemicals, Oils, etc. ...	115·4	124·5	125·5	123·5	115·0	113·2	120·6
Leather and Boots and Shoes...	114·4	111·9	108·4	111·6	102·2	97·9	107·4
Food, Drink and Tobacco ...	114·5	119·9	123·2	116·0	123·5	122·7	124·9
Total† ...	124·4	132·8	136·4	132·1	121·7	117·0	126·3

* Revised quarterly by the Board of Trade.

† Includes paper and printing, gas and electricity, rubber, cement and tiles.

UNEMPLOYMENT

(a) Percentage of Insured Workers

Date	1929	1931	1932	1934	1935	1936	1937	1938	1939
End of—									
January	12.3	21.5	22.4	18.6	17.6	16.2	12.4	13.2*	14.3*
February	12.1	21.7	22.0	18.1	17.5	15.3	12.0	13.1*	
March	10.0	21.5	20.8	17.2	16.4	14.2	11.6	12.7*	
April	9.8	20.9	21.4	16.6	15.6	13.6	10.5	12.7*	
May	9.7	20.8	22.1	16.2	15.5	12.8	10.7	12.8*	
June	9.6	21.2	22.2	16.4	15.4	12.8	10.0	13.2*	
July	9.7	22.0	22.8	16.7	15.3	12.4	10.1	12.9*	
August	9.9	22.0	23.0	15.5	14.9	12.0	9.9	12.6*	
September	10.0	22.6	22.8	16.1	15.0	12.1	9.7	12.8*	
October	10.3	21.9	21.9	16.3	14.5	12.0	10.1*	12.7*	
November	10.9	21.4	22.2	16.3	14.5	12.0	10.9*	13.0*	
December	11.0	20.9	21.7	16.0	14.1	12.0	12.1*	12.9*	

* New Basis.

(b) Actual Numbers Employed and Unemployed (in thousands)

	Mar., 1932	Mar., 1935	Mar., 1936	Mar., 1937	Jan., 1938	Mar., 1938	Dec., 1938	Jan., 1939
Number employed ...	9,549	10,200	10,689	11,310	11,319	11,399	11,452	11,284
Wholly unemployed...	2,129	1,727	1,551	1,330	1,400	1,356	1,474	1,594
Temporarily stopped	427	324	240	170	352	338	295	379
Normally in casual employment ...	104	92	88	76	66	70	63	66
Total unemployed ...	2,660	2,143	1,879	1,576	1,818	1,764	1,831	2,039

RAILWAY TRAFFIC RECEIPTS

	Four weeks ended				Aggregate for 8 weeks			
	Feb. 27, 1938		Feb. 26, 1939		1938		1939	
	Pas- sengers	Goods	Pas- sengers	Goods	Pas- sengers	Goods	Pas- sengers	Goods
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Great Western ...	0.7	1.3	0.6	1.2	1.3	2.6	1.3	2.4
London & North Eastern* ...	1.0	2.5	1.0	2.3	2.1	5.0	2.0	4.4
London Midland & Scottish ...	1.6	3.2	1.6	3.0	3.1	6.3	3.0	5.8
Southern ...	1.0	0.4	1.0	0.4	2.1	0.8	2.1	0.7
Total ...	4.3	7.4	4.2	6.9	8.6	14.7	8.4	13.3

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

	Jan., 1936	Jan., 1937	Jan., 1938	Dec., 1938	Jan., 1939
By CATEGORIES: Great Britain	%	%	%	%	%
Total	+10.8	+ 2.4	+ 6.2	+ 1.9	+ 0.1
Food and Perishables	+12.7	+ 3.5	+ 8.2	+ 1.8	- 0.3
Other Merchandise	+ 9.0	+ 1.4	+ 4.1	+ 1.9	+ 0.5
of which					
Piece-goods*	+ 1.8	- 3.0	+ 4.4	- 6.0	- 3.5
(i) Household Goods	+ 5.3	- 0.4	+ 0.6	- 3.6	- 0.9
(ii) Dress Materials	- 1.6	- 5.4	+ 8.4	- 8.8	- 6.1
Women's Wear*	+10.0	- 2.6	+ 8.2	+ 5.6	+ 3.2
(i) Fashion Departments	+15.3	- 6.9	+13.5	+12.2	+ 4.8
(ii) Girls' and Children's Wear	+ 2.4	+ 2.3	+ 7.5	+ 4.1	+ 4.1
(iii) Fancy Drapery	+ 6.7	+ 0.7	+ 4.7	+ 0.8	+ 1.0
Men's and Boys' Wear	+11.8	+ 8.5	+ 5.2	+ 2.9	- 0.2
Boots and Shoes	+10.0	- 1.7	+ 4.7	+ 5.4	+ 2.7
Furnishing Departments	+ 4.9	+ 3.4	- 0.5	- 0.7	- 5.5
Hardware	+ 7.9	+ 0.1	+ 3.9	- 2.7	- 4.3
Fancy Goods	+ 7.8	+ 9.6	- 2.5	- 1.8	+ 1.8
Sports and Travel	+ 8.4	+ 7.5	+ 2.3	- 1.2	- 3.7
Miscellaneous and Unallocated	+13.5	- 2.8	+ 6.4	- 2.4	+ 2.9
By AREAS—					
All Categories—					
Scotland	+11.6	+ 1.7	+ 8.6	+ 4.5	+ 1.9
North-East	—	—	+ 7.1	+ 2.7	- 1.4
North-West	—	—	+ 6.6	+ 2.1	- 1.4
Midlands & South Wales	—	—	+ 7.6	+ 3.2	+ 1.4
South of England	+12.0	—	+ 7.3	+ 3.0	+ 2.4
London, Central & West End	+ 7.4	- 2.3	+ 1.2	- 7.4	- 3.2
London, Suburban	+13.0	+ 3.4	+ 5.4	+ 3.0	+ 0.4

* Including some goods which cannot be allocated to sub-headings.

OVERSEAS TRADE

Date	IMPORTS				EXPORTS			
	Food	Raw Materials	Manufactured Goods	Total	Food	Raw Materials	Manufactured Goods	Total
Monthly Average—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1929 ...	44.6	28.3	27.9	101.7	4.6	6.6	47.8	60.8
1930 ...	39.6	20.9	25.6	87.0	5.3	5.3	36.7	47.6
1931 ...	34.7	14.4	21.8	71.8	3.0	3.9	24.3	32.6
1932 ...	31.1	13.7	13.1	58.5	2.7	3.6	23.0	30.4
1933 ...	28.3	15.0	12.6	56.3	2.4	3.8	23.4	30.6
1934 ...	28.9	17.5	14.3	61.0	2.5	4.0	25.4	33.0
1935 ...	29.6	17.7	15.4	63.0	2.6	4.4	27.4	35.5
1936 ...	31.9	20.7	17.7	70.7	3.0	4.3	28.4	36.7
1937 ...	36.0	26.3	22.9	85.7	3.2	5.4	33.7	43.5
1938 ...	35.9	20.6	19.5	76.7	3.0	4.7	30.4	39.2
Jan., 1938 ...	36.1	25.7	22.5	84.9	3.0	4.7	32.6	41.2
Jan., 1939 ...	35.0	21.5	18.4	75.6	3.1	4.7	30.4	39.5

SOME LEADING IMPORTS

	Wheat	Iron Ore and Scrap	Raw Cotton	Raw Wool	Hides, Wet and Dry	Wood Pulp	Rubber	Iron and Steel Manufactures
	(thous. cwt.)	(thous. tons)	(thous. cents of 100 lbs.)	(thous. cents of 100 lbs.)	(thous. cwt.)	(thous. tons)	(thous. cents of 100 lbs.)	(thous. tons)
Monthly Average—								
1929 ...	9,314	480	1,283	678	98	137	330	235
1930 ...	8,731	363	1,011	652	108	128	326	243
1931 ...	9,952	185	989	707	106	122	237	237
1932 ...	8,803	159	1,048	765	105	153	176	133
1933 ...	9,366	234	1,169	793	120	162	189	81
1934 ...	8,552	392	1,052	657	116	187	395	114
1935 ...	8,435	415	1,060	720	141	185	325	96
1936 ...	8,401	587	1,289	762	157	198	116	124
1937 ...	8,074	669	1,382	653	157	149	254	170
1938 ...	8,471	497	1,006	735	124	135	314	112
Jan., 1938 ...	6,525	837	1,487	831	124	167	399	309
Jan., 1939 ...	6,902	288	904	1,239	142	161	159	67

SOME LEADING EXPORTS

Date	Coal	Iron and Steel	Machinery	Cotton Yarns	Cotton Piece-Goods	Woollen Tissues	Worsted Tissues	Motor Cars
	(thous. tons)	(thous. tons)	(thous. tons)	(mill. lbs.)	(mill. sq. yds.)	(thous. sq. yds.)	(thous. sq. yds.)	(number)
Monthly Average—								
1929 ...	5,022	365	47	11.8	306	9,016	3,490	1,991
1930 ...	4,573	263	40	11.1	201	6,587	2,893	1,602
1931 ...	3,563	165	27	11.4	143	4,694	2,479	1,429
1932 ...	3,242	157	25	13.9	183	4,461	2,358	2,246
1933 ...	3,256	160	23	15.8	169	5,110	2,741	2,821
1934 ...	3,305	188	28	10.9	166	5,745	2,772	2,904
1935 ...	3,226	193	32	11.8	162	5,934	3,205	3,659
1936 ...	2,878	184	32	12.6	160	6,523	3,304	4,268
1937 ...	3,363	215	37	13.3	160	6,653	3,583	4,468
1938 ...	2,988	160	38	10.2	115	4,910	2,631	3,677
Jan., 1938 ...	2,983	191	42	10.8	138	6,663	3,765	4,410
Jan., 1939 ...	2,777	120	33	12.9	121	6,107	3,210	3,817

PRICES

1. WHOLESALE PRICES

Total	Date	Index Number (Sept. 16th, 1931 = 100)				
		U.K.	U.S.A.	France	Italy	Germany
£ mn.	Average 1929 ...	150.9	139.4	141.3	146.0	126.1
60.8	1932 ...	103.5	89.3	92.0	93.1	88.7
47.6	1933 ...	103.5	93.7	87.7	86.6	85.7
32.6	1934 ...	106.4	111.1	83.1	84.2	90.4
30.4	1935 ...	108.1	120.3	78.4	97.2	93.5
30.6	1936 ...	116.2	121.4	90.6	112.5	95.6
33.0	1937 ...	134.6	131.5	127.0	133.3	97.3
35.5	1938 ...	121.5	117.7	144.2	143.3	97.1
36.7	End Jan., 1938 ...	127.1	120.5	138.3	143.5	96.9
43.5	" Feb., 1938 ...	125.4	120.3	138.1	142.4	97.1
39.2	" Jan., 1939 ...	116.5	115.7	152.8	144.9	98.0
41.2	" Feb., 1939 ...	116.3	116.0	152.8	145.0	97.9
39.5						

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

2. RETAIL PRICES (cost of living)

Date	Food	Rent (including Rates)	Clothing	Fuel and Light	Other Items included	All Items included
End of 1929 ...	57	52	115	75	80	66
1931 ...	31	54	90	75	75	47
1932 ...	23	55	85	70-75	70-75	42
1933 ...	24	56	85	70-75	70-75	42
1934 ...	25	56	85-90	70-75	70-75	44
1935 ...	31	58	85	75	70	47
1936 ...	36	59	90-95	75-80	70	51
1937 ...	45	59	90-110	80-85	75	59
1938 ...	38	61	105-110	80-85	75	55
End Jan., 1938 ...	42	59	110	80-85	75	57
" Dec., 1938 ...	38	61	105-110	80-85	75	55
" Jan., 1939 ...	38	61	105-110	85	70-75	55

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date	Wheat No. 1 N. Manitoba	Sugar Centrifugals U.K.	Cotton American Middling	Wool 64's tops ave.	Pig-Iron Cleveland No. 3	Tin, Standard Cash	Rubber Plantation Sheet
	per gr. s. d.	per cwt. s. d.	per lb. d.	per lb. d.	per ton £ s. d.	per ton £ s. d.	per lb. d.
Average 1929 ...	54 0½	9 0½	10.29	38½	70 4½	203½	10½
1932 ...	30 6½	5 9½	5.29	22½	58 6	136½	2½
1933 ...	28 2	5 4	5.53	28½	62 3	194½	3½
1934 ...	30 11	4 8½	5.66	30½	66 10½	230	6½
1935 ...	34 3½	4 8	6.69	28	67 10	225½	5½
1936 ...	38 0	4 8½	6.67	32½	73 0	204½	7½
1937 ...	53 11½	6 4½	6.37	35½	91 10	243½	9½
1938 ...	43 2	5 5	4.92	26	109 0	189½	7½
Feb., 1938 ...	58 7½	5 4½	5.03	26½	109 0	184½	7½
Jan., 1939 ...	29 2	6 4	5.20	25	99 0	216½	8
Feb., 1939 ...	23 11½	6 2½	5.12	24½	99 0	213½	7½

Overseas Statistics

AUSTRALIA

	1935*	1936*	1937*	1938*	Nov., 1937	Dec., 1937	Nov., 1938	Dec., 1938
Wool (million lbs.)	971.0	976.7	1015.0	915.0†	—	—	—	—
Wheat (million bushels)	144.2	150.5	188.4	141.0†	—	—	—	—
Imports (£A millions)	104.7	113.5	139.6†	132.1§	10.4	12.7	9.6	11.7
Exports (£A millions)	123.9	147.7	141.2†	134.4§	12.9	16.4	13.7	16.5
Trade Union Unemployment Returns (Commonwealth)	14.0%	10.6%	8.5%	—	8.2%	—	—	—
Wholesale Prices (Sydney Price Index Base 1911 = 100)	Dec., '35 156	Dec., '36 163	Dec., '37 166	Dec., '38 164	167	166	162	164
Cost of Living (Commonwealth Statistician Food & Groceries Base 1923-27 = 100)	Dec., '35 80.9	Dec., '36 85.0	Dec., '37 85.9	Dec., '38 91.0	85.9	85.9	89.0	91.0
Note Circulation (£A millions) ‡	47.6	47.4	48.2	49.4	49.3	54.0	48.0	53.0
Commercial Bank Deposits (£A millions) ¶	June, '35 289.0	June, '36 286.9	June, '37 308.4	June, '38 315.1	314.2	314.5	316.4	319.1
Commercial Bank Advances (£A millions) ¶	June, '35 252.0	June, '36 261.2	June, '37 259.2	June, '38 284.9	272.7	273.7	289.7	286.9

* Except where otherwise stated the figures relate to the years ending June 30th, 1936, 1937, 1938, and 1939, respectively.

† Estimated figures.

‡ Preliminary figures.

§ Twelve months ended December, 1938 (preliminary figures).

‡ Monthly average for year quoted.

¶ Average of weekly figures.

CANADA

	1935	1936	1937	1938	Nov., 1937	Dec., 1937	Nov., 1938	Dec., 1938
Industrial Production :—								
General Index (1926 = 100)	103.6*	114.4*	126.8*	114.8*	133.5	125.2	128.3	118.1
Newsprint (thousands) (short tons) ...	2,765	3,225	3,638	2,625	302.2	293.0	245.3	209.8
Steel (thousands) (long tons)	942	1,116	1,403	1,156	110.7	98.3	90.1	78.6
Automobiles and Trucks (thousands) ...	173	162	207	166	16.6	21.1	18.0	18.7
Imports (\$ millions)	550.3	635.2	808.9	677.5	80.6	53.1	63.3	44.2
Exports (\$ millions)	838.3	1,027.9	1,114.5	956.7	107.8	78.4	94.0	70.4
Employment Index (1926 = 100)	99.4*	103.7*	114.2*	111.9*	119.8	118.8	109.7	111.3
Wholesale Prices (1926 = 100)	72.1*	74.6*	84.6*	78.6*	83.1	82.7	73.5	73.3
Cost of Living (1926 = 100)	79.3*	80.8*	83.0*	84.0*	84.2	84.3	83.7	83.5
Gold Reserve—Bank of Canada† (\$ mill.)	154.6	179.7	182.0	181.0	179.9	179.7	181.2	182.4
Note Circulation :—								
Bank of Canada† (\$ millions)	48.9	64.0	90.6	105.9	105.0	107.3	116.4	115.6
Chartered Bank Deposits (\$ millions) ...	2,476	2,668	2,840	2,892	2,825	2,819	3,004	2,986

* Monthly averages.

† Bank of Canada established March, 1935.

INDIA

	1935	1936	1937	1938	Dec., 1937	Jan., 1938	Dec., 1938	Jan., 1939
Imports (lakhs of rupees)*	11,33	10,37	13,73	12,79	14,33	15,83	12,61	14,12
Exports (lakhs of rupees)*	13,39	15,44	17,52	14,05	13,90	14,41	14,77	13,72
Gold—Net Imports (—) or Net Exports								
(+) (lakhs of rupees)*	+3,60	+2,66	+1,36	+1,23	+1,58	+1,47	-0,06	+0,04
Silver—Net Imports (—) or Net Exports								
(+) (lakhs of rupees)*	+0,25	-1,10	-0,53	-0,11	+0,08	+0,17	+0,07	-0,06
Wholesale Prices (Calcutta, 1914 = 100)	91.0	91.0	102.0	—	101.0	99.0	95.0	95.0
Cotton†:—								
Official Crop Estimate (thousand bales)	4,807	5,933	6,204	5,663	—	—	—	—
Exports of Raw Cotton (thousand bales)	3,446	3,396	4,267	2,732	—	—	—	—
Piece Goods:—								
Home Production (yds. mill.) ...	4,853	5,227	5,064	4,084	—	—	—	—
Imports (yds. mill.)	944	947	764	591	—	—	—	—
Exports (yds. mill.)	58	71	102	—	—	—	—	—

* Monthly averages for the years 1934–37 inclusive.

† These statistics cover the seasons 1933–34, 1934–35, 1935–36 and 1936–37.

NOTE.—One lakh of rupees equals approximately £7,500. One crore equals 100 lakhs.

NEW ZEALAND

	1934*	1935*	1936*	1937*	Oct., 1937	Nov., 1937	Oct., 1938	Nov., 1938
Imports† (£ N.Z. thous.)	2,865	3,341	4,282	4,776	4,623	4,947	4,270	4,783
Exports† (£ N.Z. thous.)	3,610	4,594	5,397	5,073	2,903	4,109	2,165	4,386
Net Overseas Funds of New Zealand								
Banks (end July each year, £ N.Z. mill.)	39.0	43.2	43.2	34.9	28.0	24.7	11.9	7.9
Wholesale Prices (1909–13 = 100) ...	133.0	138.5	139.9	150.0	152.9	156.4	151.0	151.8
Import Prices (1909–13 = 100)	134.5	132.2	133.2	140.2	142.0	142.4	—	—
Export Prices (1909–13 = 100)	110.9	110.2	125.0	144.0	148.6	156.3	135.4	137.7
Cost of Living (July, 1914 = 100) ...	128.7	133.3	137.6	147.0	146.3	150.8	—	—

* Monthly average. † The figures relate to the years ended July, 1935, 1936, 1937 and 1938.

THE UNITED STATES

	1935	1936	1937	1938	Nov., 1937	Dec., 1937	Nov., 1938	Dec., 1938
Industrial Production (1923–25 = 100)	90	105	109	84	85	79	103	104
Automobile Production (1923–25 = 100)	99	112	121	62	92	78	96	99
Freight Carloadings (1923–25 = 100) ...	64	75	78	62	71	67	69	69
Imports (\$ millions)	170.6	201.9	257.0	163.4	212.4	209.0	176.0	171.0
Exports (\$ millions)	190.2	204.7	278.7	257.8	311.2	323.0	252.0	269.0
Employment in Manufacturing Industries								
(1923–25 = 100)	91.3	97.8	105.8	87.0	100.6	95.0	90.1	91.0
Wholesale Prices (1926 = 100)	80.0	80.8	86.3	78.6	83.3	81.7	77.5	77.0
Monetary Gold Stock (\$ millions) ...	9,059	10,578	12,760	14,508	12,774	12,760	14,312	14,508
Money in Circulation (\$ millions) ...	5,585	6,101	6,550	6,856	6,561	6,550	6,787	6,856
Reporting Member Banks, Demand								
Deposits (adjusted) (\$ millions) ...	12,821	14,701	14,431	15,986	14,612	14,431	16,013	15,986

BELGIUM

	1934*	1935*	1936*	1937*	Dec., 1937	Jan., 1938	Dec., 1938	Jan., 1939
Industrial Production :—								
General Index (1923-25 = 100) ...	91.7	99.9	108.1	120.7	112	102.2	102.7	—
Coal (thousand tons) ...	2,200	2,207	2,314	2,473	2,582	2,566	2,566	—
Steel (crude) (thousand tons) ...	241	247	259	315	258	222	214	—
Total Imports (value Frs. millions) ...	1,163	1,417	1,758	2,271	2,354	2,008	1,969	—
Total Exports (value Frs. millions) ...	1,141	1,317	1,643	2,116	2,095	1,798	2,023	—
Employment Index (1929 = 100) ...	78.3	79.9	85.3	88.5	83	81.3	—	—
Wholesale Prices (1914 = 100) ...	473	537	588	684	659	660	607	604
Cost of Living (1921 = 100) ...	197	188	198	212	220.1	221.4	220.5	221.3
Gold Reserves (Frs. millions) ...	12,525	17,285	18,685	17,610	17,610	17,665	17,140	17,175
Note Circulation (Frs. millions) ...	17,590	20,640	22,450	21,460	21,460	21,410	21,990	21,880

* Monthly averages.

FRANCE

	1934*	1935*	1936*	1937*	Dec., 1937	Jan., 1938	Dec., 1938	Jan., 1939
Industrial Production :—								
Coal (tons thousand) ...	3,969	3,851	3,770	3,693	4,161	3,613	4,430	—
Steel (tons thousand) ...	512	522	559	658	676	623	576	—
Imports (Frs. millions) ...	1,925	1,745	2,118	3,526	4,539	3,892	4,214	3,978
Exports (Frs. millions) ...	1,487	1,289	1,291	1,995	2,346	2,452	3,292	2,820
Unemployed (thousands) ...	345	426	434	351	353	404	405	416
Wholesale Prices (1913 = 100) ...	—	338	411	581	631	636	684	688
Cost of Living (Paris, July, 1914=100) ...	—	423	470	601	659	688	742	748
Gold Reserves (Frs. millions)† ...	82,124	66,296	60,359	58,933	58,933	58,933	87,265	87,266
Note Circulation (Frs. millions)† ...	83,412	81,150	89,342	93,837	93,837	92,255	110,935	109,378

* Monthly averages.

† End of year.

HOLLAND

	1935*	1936*	1937*	1938*	Dec., 1937	Jan., 1938	Dec., 1938	Jan., 1939
Industrial Production :—								
General Index (1929 = 100) ...	75.4	83.2	106.6	89.8	99.4	98.2	109.6	—
Imports (Fl. millions) ...	78.0	84.7	129.2	117.9	126.8	119.2	116.8	112.5
Exports (Fl. millions) ...	56.3	62.2	95.7	86.6	98.1	82.2	82.1	78.7
Unemployed (thousands) ...	384.7	414.5	368.9	353.5	437.5	439.3	433.6	—
Shipping :—								
Entered in 1,000 tons G.R.T. ...	1,645	1,771	1,945	3,592	1,959	3,332	3,645	3,400†
Cleared in 1,000 tons G.R.T. ...	1,268	1,357	1,517	2,693	1,581	2,445	2,684	2,470†
Wholesale Prices (1926-30 = 100) ...	61.5	63.8	76.2	71.9	75.6	75.2	70.6	70.2
Cost of Living (1911-13 = 100) at								
Amsterdam ...	136.2	132.0	137.3	138.6	139.4	139.1	138.3	—
Gold Stock (Fl. millions) ...	643†	720†	1,366†	1,461†	1,366	1,406	1,461	1,461
Note Circulation (Fl. millions) ...	809†	792†	868†	992†	868	886	992	999

* Monthly average.

† End of year.

‡ Preliminary.

Dec., 1938 Jan., 1939

02.7 —
 566 —
 214 —
 969 —
 023 —
 607 604
 20.5 221.3
 7,140 17,175
 1,990 21,880

c., 33 Jan., 1939

430 —
 576 —
 214 3,978
 292 2,820
 405 416
 684 689
 742 748
 265 87,266
 935 109,378

Dec., 1938 Jan., 1939

9.6 —
 6.8 112.5
 2.1 78.7
 3.6 —

645 3,400†
 684 2,470†
 0.6 70.2

8.3 —
 461 1,461
 992 999

y.

GERMANY

	1934*	1935*	1936*	1937*	Dec., 1937	Jan., 1938	Dec., 1938	Jan., 1939
Industrial Production :—								
General Index (1928 = 100) ...	80.9	95.3	107.8	118.8	121.7	116.2	138.1	—
Coal (million tons) ...	10.4	11.9	13.2	15.4	16.2	15.9	15.7	—
Lignite (million tons) ...	11.4	12.3	13.5	15.4	17.0	16.4	17.8	—
Steel (thousand tons) ...	993	1,371	1,601	1,654	1,765	1,848	1,944	—
Imports (Rm. millions) ...	371	347	351	456	531	483	542	472
Exports (Rm. millions) ...	347	356	397	493	552	446	504	441
Employment (thousands) ...	15,041†	15,949†	17,097	18,354	18,109	18,100	19,200	19,500
Wholesale Prices (1913 = 100) ...	98.4	101.8	104.1	105.9	104.6	106.3	106.3	106.9
Cost of Living (1913-14 = 100) ...	121.1	123.0	124.5	125.1	124.8	125.9	125.3	125.6
Money in Circulation (Rm. millions)‡	5,972	6,389	6,694	7,499	7,499	7,143	10,404§	—

* Monthly average.

† Saar excluded.

‡ End of year.

§ Includes Austria and Sudetenland.

SWITZERLAND

	1935	1936	1937	1938	Dec., 1937	Jan., 1938	Dec., 1938	Jan., 1939
Imports (Fr. millions) ...	106.9	105.5	150.6	133.9	163.9	126.7	151.6	122.4
Exports (Fr. millions) ...	66.25	73.5	107.2	109.8	122.7	94.2	124.4	101.8
Wholly unemployed (per cent. of total population) ...	2.0	2.3	1.7	1.6	2.1	2.3	2.2	1.9
Wholesale Prices (1914 = 100) ...	90	96	111	107	110	110	106	106
Cost of Living (1914 = 100) ...	128	130	137	137	138	138	137	137
Gold Reserves (Fr. millions) ...	1,457	1,690	2,640	2,849	2,679	2,842	2,890	2,890
Note Circulation (Fr. millions) ...	1,283	1,294	1,378	1,555	1,531	1,451	1,751	1,651
Commercial Bank Deposits (Fr. millions) ...	2,693	3,150	3,277	3,111	3,277	—	3,111	—
Cantonal Bank Deposits (Fr. millions) ...	6,134	6,260	6,421	6,201	6,421	6,434	6,201	—

DENMARK

	1935*	1936*	1937*	1938*	Dec., 1937	Jan., 1938	Dec., 1938	Jan., 1939
Industrial Production :—								
General Index (1935 = 100) ...	100.0	104.0	109.0	108.0	104.0	104.0	109.0	110.0
Imports (Kr. millions) ...	110.8	123.7	139.1	136.7	134.7	152.6	126.5	135.7
Exports (Kr. millions) ...	105.6	115.0	130.7	129.2	141.4	118.5	132.4	117.7
Unemployed (per cent.) ...	19.7	19.3	21.9	21.4	34.6	29.2	31.6	29.8
Wholesale Prices (1935 = 100) :—								
Import Goods ...	100.0	108.0	129.0	114.0	126.0	125.0	111.0	111.0
Export Goods ...	100.0	106.0	110.0	111.0	123.0	113.0	115.0	113.0
Total ...	100.0	105.0	119.0	112.0	120.0	119.0	110.0	110.0
Cost of Living (1935 = 100) ...	100.0	102.0	105.0	107.0	—	107.0	—	107.0
Gold Reserves (Kr. millions) ...	126.8	118.0	117.9	117.7	117.8	117.8	117.6	117.6
Note Circulation (Kr. millions) ...	372.9	381.9	388.3	411.5	417.1	386.1	441.1	410.1
Commercial Banks' Deposits (Kr. millions)	2,054	2,100	2,132	2,187	2,207	2,133	2,305	2,223

* Monthly average.

NORWAY

	1935*	1936*	1937*	1938*	Dec., 1937	Jan., 1938	Dec., 1938	Jan., 1939
Industrial Production :—								
General Index (1935 = 100) ...	100	111	122	122	121	121	121	—
Export Industries (1935 = 100) ...	100	110	115	113	123	126	116	—
Home Industries (1935 = 100) ...	100	111	126	127	121	119	127	—
Imports (in millions of Kr.) ...	58.8	77.2	107.7	99.0	99.4	96.0	93.0	—
Exports (in millions of Kr.) ...	50.4	57.1	68.6	65.5	86.2	77.2	86.0	—
Unemployed ...	36,103	32,643	28,520	28,923	33,906	33,046	34,873	34,122
Idle Shipping (in thousands of tons dead-weight. Beginning of year and month)	313	69	26	Nil	Nil	Nil	259	395
Wholesale Prices (1913 = 100) ...	127	134	156	153	159	158	150	148
Cost of Living (1914 = 100) ...	151	155	168	171	171	171	170	169
Gold Reserves (Kr. mill., end of year) ...	185	215	180	206	180	180	206	210
Note Circulation (Kr. mill., end of year)	348	429	449	477	449	421	477	446

* Monthly averages.

† 395,000 tons, beginning of January, 1939.

SWEDEN

	1935*	1936*	1937*	1938*	Dec., 1937	Jan., 1938	Dec., 1938	Jan., 1939
Industrial Production :—(1935 = 100)†	100	108	119	117	122	120	—	—
Steel Production (in thous. of metric tons)	77	84	94	83	95	73.5	—	88.7
Imports (millions of Kr.) ...	123	136	178	172	184	158.9	190	177.0
Exports (millions of Kr.) ...	108	126.2	166.7	151.2	198	145.2	167	148.8
Unemployed (thousands) ...	80.8	68.7	66.3	—	91	92.9	—	—
Wholesale Prices (1913 = 100)‡	118.6	123.7	142.1	136.3	144.8	141.8	135.8	136.3
Cost of Living§ (1914 = 100) ...	156	158	162	166	—	165	—	167
Gold Reserves (Kr. mill., end of year) ...	408	529	539	707	539	540	707	729
Note Circulation (Kr. mill., end of year)	786	893	980	1,061	980	906	1,061	979
Timber Exports (thousands of cub. metres)	300	334	353	283	330	138	387	188
Wood Pulp Exports (in metric tons) ...	175	190	213	165	275.7	182.6	257.7	196.9

* Monthly average. † Association of Swedish Industries. ‡ Svenska Handelsbanken.
§ Royal Social Board, Quarterly figure. Index for January published Feb. 15th; for April, May 15th, etc.

LLOYDS BANK

LIMITED

Head Office : 71 Lombard Street, London, E.C.3



Chairman

THE RT. HON. LORD WARDINGTON

Deputy Chairman

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Vice-Chairman

SIR FRANCIS A. BEANE

Chief General Managers

R. A. WILSON, SYDNEY PARKES

Joint General Managers

W. G. JOHNS, D.S.O., S. P. CHERRINGTON, L. A. STANLEY, G. D. GOLD

Statement of Accounts

31st December, 1938

LIABILITIES

	£
Paid-up Capital	15,810,252
Reserve Fund	9,500,000
Current, Deposit, and other Accounts ...	398,852,662
Acceptances	2,931,181
Endorsements, Guarantees, and other Obligations	37,611,219

ASSETS

Cash in hand, and with the Bank of England	40,419,818
Balances with and Cheques on other Banks in the British Isles	17,228,950
Money at Call and Short Notice	30,563,485
Balances with Banks Abroad	2,557,083
Bills Discounted	40,955,247
Investments at or under Market Value ...	107,907,288
Investments in Subsidiary and Auxiliary Companies :—	
The National Bank of Scotland Ltd. ...	3,023,538
Lloyds & National Provincial Foreign Bank Ltd.	600,000
Indian Premises Company Ltd.	54,502
Loans and Advances	164,402,187
Other Assets and Accounts	8,952,255
Bank Premises	7,498,561
Liabilities of Customers for Acceptances, &c.	40,542,400

Offices throughout England and Wales, and others in India and Burma

Printed in England.

CAUSTON
LONDON

